

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1817

Introduced by Assembly Member Arambula

February 11, 2010

~~An act relating to corrections.~~ *An act to add Section 5023.2 to the Penal Code, relating to corrections.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1817, as amended, Arambula. Corrections: ~~best practices; inmate health care.~~

Existing law establishes the Department of Corrections and Rehabilitation and charges it with various duties and obligations. *Existing law provides that it is the intent of the Legislature that the department operate in the most cost-effective and efficient manner possible when purchasing health care services for inmates. Existing law provides that the department may contract with providers of health care services and health care network providers, including, but not limited to, health plans, preferred provider organizations, and other health care network managers.*

This bill would require the department to maintain a statewide utilization management program, as defined, which would include, but not be limited to, the review, approval, and oversight of community hospital bed usage and case management processes for high medical risk and high medical cost patients. The bill would require the department to develop and implement policies and procedures to ensure that all adult prisons employ the same statewide utilization management program. The bill would require the department to establish annual quantitative utilization management performance objectives and to

report to specified legislative committees on, among other things, the success and failure in meeting those objectives, as specified.

~~This bill would state the intent of the Legislature to later amend this bill to require the Department of Corrections and Rehabilitation to adopt utilization management best practices within its institutions as a way to provide effect and cost efficient medical care for the inmate population.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*

3 *(a) Between the 2003–04 and 2008–09 fiscal years, annual*
4 *medical and pharmacy contract costs for state prison inmates grew*
5 *from approximately two hundred four million dollars*
6 *(\$204,000,000) to more than eight hundred forty-five million*
7 *dollars (\$845,000,000), at an average annual growth rate of more*
8 *than 28 percent.*

9 *(b) Components of the cost increase specified in subdivision (a)*
10 *include a rapid increase in the use of prescription medicines,*
11 *specialty care referral rates that exceed referral rates found in*
12 *other state prison systems, and an occupancy rate of community*
13 *hospital beds that is more than double the occupancy rate for a*
14 *similar Medi-Cal population.*

15 *(c) Controlling inmate health care costs and expenditures is*
16 *one of the Legislature’s highest priorities.*

17 *(d) The Legislature has adopted amendments to the Budget Act*
18 *of 2009, in Assembly Bill 2 of the 2009–10 Eighth Extraordinary*
19 *Session, to reduce funding to the Department of Corrections and*
20 *Rehabilitation for inmate medical care by eight hundred eleven*
21 *million dollars (\$811,000,000).*

22 *(e) The department needs to implement all reasonable methods*
23 *for controlling state prison inmate health care costs, reduce year*
24 *over year health care spending, and achieve a zero growth rate*
25 *in health care expenditures.*

26 *SECTION 1. Section 5023.2 is added to the Penal Code, to*
27 *read:*

1 5023.2. (a) In order to promote the best possible patient
2 outcomes, eliminate unnecessary medical and pharmacy costs,
3 and ensure consistency in the delivery of health care services, the
4 department shall maintain a statewide utilization management
5 program that shall include, but not be limited to, all of the
6 following:

7 (1) Objective, evidence-based medical necessity criteria and
8 utilization guidelines.

9 (2) The review, approval, and oversight of referrals to specialty
10 medical services.

11 (3) The management and oversight of community hospital bed
12 usage and supervision of health care bed availability.

13 (4) Case management processes for high medical risk and high
14 medical cost patients.

15 (5) A preferred provider organization (PPO) and related
16 contract initiatives that improve the coverage, resource allocation,
17 and quality of contract medical providers and facilities.

18 (b) The department shall develop and implement policies and
19 procedures to ensure that all adult prisons employ the same
20 statewide utilization management program established pursuant
21 to subdivision (a) that supports the department's goals for
22 cost-effective auditable patient outcomes, access to care, an
23 effective and accessible specialty network, and prompt access to
24 hospital and infirmary resources. The department shall provide
25 the Joint Legislative Budget Committee and the appropriate fiscal
26 and policy committees of the Legislature with a copy of these
27 policies and procedures by January 1, 2011.

28 (c) (1) The department shall establish annual quantitative
29 utilization management performance objectives to promote greater
30 consistency in the delivery of contract health care services, enhance
31 health care quality outcomes, and reduce unnecessary referrals
32 to contract medical services. On January 1, 2011, the department
33 shall report to the Joint Legislative Budget Committee and the
34 appropriate fiscal and policy committees of the Legislature, the
35 specific quantitative utilization management performance
36 objectives it intends to accomplish statewide in each adult prison
37 during the next 12 months.

38 (2) The requirement for submitting a report imposed under this
39 subdivision is inoperative on January 1, 2015, pursuant to Section
40 10231.5 of the Government Code.

1 (d) On March 1, 2012, and each March 1 thereafter, the
2 department shall report all of the following to the Joint Legislative
3 Budget Committee and the appropriate fiscal and policy committees
4 of the Legislature:

5 (1) The extent to which the department achieved the statewide
6 quantitative utilization management performance objectives set
7 forth in the report issued the previous March as well as the most
8 significant reasons for achieving or not achieving those
9 performance objectives.

10 (2) A list of adult prisons that achieved and a list of adult prisons
11 that did not achieve its quantitative utilization management
12 performance objectives and the significant reasons for the success
13 or failure in achieving those performance objectives at each adult
14 state prison.

15 (3) The specific quantitative utilization management
16 performance objectives the department and each adult state prison
17 intends to accomplish in the next 12 months.

18 (4) A description of planned and implemented initiatives
19 necessary to accomplish the next 12 months' quantitative utilization
20 management performance objectives statewide and for each adult
21 state prison. The department shall describe initiatives that were
22 considered and rejected and the reasons for their rejection.

23 (5) The costs for inmate health care for the previous fiscal year,
24 both statewide and at each adult state prison, and a comparison
25 of costs from the fiscal year prior to the fiscal year being reported
26 both statewide and at each adult state prison.

27 (e) It is the intent of the Legislature that any activities the
28 department undertakes to implement the provisions of this section
29 shall result in no year over year net increase in state costs.

30 (f) The following definitions shall apply to this section:

31 (1) "Contract medical costs" mean costs associated with an
32 approved contractual agreement for the purposes of providing
33 direct and indirect specialty medical care services.

34 (2) "Specialty care" means medical services not delivered by
35 primary care providers.

36 (3) "Utilization management program" means a strategy
37 designed to ensure that health care expenditures are restricted to
38 those that are needed and appropriate by reviewing patient-inmate
39 medical records through the application of defined criteria or
40 expert opinion, or both. Utilization management assesses the

1 *efficiency of the health care process and the appropriateness of*
2 *decisionmaking in relation to the site of care, its frequency, and*
3 *its duration through prospective, concurrent, and retrospective*
4 *utilization reviews.*

5 (4) “Community hospital” means an institution located within
6 a city, county, or city and county which is licensed under all
7 applicable state and local laws and regulations to provide
8 diagnostic and therapeutic services for the medical diagnosis,
9 treatment, and care of injured, disabled, or sick persons in need
10 of acute inpatient medical, psychiatric, or psychological care.

11 (g) The requirement for submitting a report imposed under
12 subdivision (d) is inoperative on March 1, 2016, pursuant to
13 Section 10231.5 of the Government Code.

14 ~~SECTION 1. It is the intent of the Legislature to later amend~~
15 ~~this bill to require the Department of Corrections and Rehabilitation~~
16 ~~to adopt utilization management best practices within its institutions~~
17 ~~as a way to provide effect and cost efficient medical care for the~~
18 ~~inmate population.~~